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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 10/21/08

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ARTICLES:

(1) Poll on Aso cabinet, political parties

MAINICHI (Page 2) (Full)
October 20, 2008

Questions & Answers

(T = total; P = previous; M = male; F = female)

Q: Do you support the Aso cabinet?

T P M F
Yes 36 (45) 36 35
No 41 (26) 46 36
Not interested 21 (27) 17 25

Q: (Only for those who answered "yes" to the above question) Why?

T P M F
Because the prime minister is from the Liberal Democratic Party 16
(15) 17 16
Because something can be expected of the prime minister's leadership
33 (42) 32 35
Because there's something friendly about the prime minister 21 (20)
21 22
Because something can be expected of the prime minister's policy
measures 22 (16) 24 20

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Q: (Only for those who answered "no" to the above question) Why?

T P M F
Because the prime minister is from the Liberal Democratic Party 26
(29) 33 17
Because nothing can be expected of the prime minister's leadership
13 (10) 11 16
Because there's something imprudent about the prime minister 16 (21)
17 16
Because nothing can be expected of the prime minister's policy
measures 42 (36) 39 47

Q: Which political party do you support?

T P M F
Liberal Democratic Party (LDP) 24 (28) 23 25
Democratic Party of Japan (DPJ or Minshuto) 27 (22) 34 21
New Komeito (NK) 5 (4) 3 7
Japanese Communist Party (JCP) 3 (3) 3 3
Social Democratic Party (SDP or Shaminto) 2 (2) 2 2
People's New Party (PNP or Kokumin Shinto) 0 (0) 0 0
Reform Club (RC or Kaikaku Kurabu) 0 0 --
New Party Nippon (NPN or Shinto Nippon) 0 (0) 1 --
Other political parties 2 (1) 2 2
None 36 (37) 32 40

Q: Who do you think is more appropriate for prime minister between
Prime Minister Aso and DPJ President Ozawa?

T P M F
Prime Minister Aso 40 (42) 37 42
DPJ President Ozawa 18 (19) 22 14
Neither is appropriate 40 (30) 40 40

Q: Which one between the LDP and the DPJ would you like to see win
in the next election for the House of Representatives?

T P M F
LDP 36 (41) 33 39
DPJ 48 (37) 57 39
Other political parties 12 (11) 9 15

Q: If an election were to be held now for the House of Representatives, which political party will you vote for in your proportional representation bloc?

T P M F
LDP 25 25 24
DPJ 38 48 28
NK 6 4 8
JCP 4 3 5
SDP 2 3 2
PNP 0 1 0
RC -- -- --
NPN 0 1 --
Other political parties 1 2 1
Don't know 23 15 30

Q: Which form of government do you think is desirable?

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T P M F
The current coalition government of the LDP and the NK 12 12 12
A grand cooperative coalition of the LDP and the DPJ 30 25 34
The LDP's single-party government 8 10 6
A DPJ-led coalition government 25 29 21
The DPJ's single-party government 9 13 6
A government led by political parties without the LDP and the DPJ 7 6 8

Q: Prime Minister Aso is fast-tracking economic stimulus measures over dissolving the House of Representatives for a general election. Do you appreciate this attitude?

T P M F
Yes 43 44 43
No 50 53 47

Q: The DPJ has approved the government's supplementary budget for economic stimulus measures and is calling for dissolving the House of Representatives at an early date. Do you appreciate this attitude?

T P M F
Yes 44 52 37
No 47 44 50

Q: Do you support the government's plan to continue the Maritime Self-Defense Force's refueling activities in the Indian Ocean for foreign naval vessels?

T P M F
Yes 47 54 40
No 43 42 43

Q: The government has presented a bill to the Diet for establishing a new body called the Consumer Affairs Agency. Do you think its establishment will lead to resolving food safety issues?

T P M F
Yes 37 35 38
No 55 61 49

(Note) Figures shown in percentage, rounded off. "0" indicates that the figure was below 0.5 PERCENT. "--" denotes that no respondents answered. "No answer" omitted. Figures in parentheses denote the results of the last survey conducted Sept. 24-25.

Polling methodology: The survey was conducted Oct. 18-19 over the telephone across the nation on a computer-aided random digit sampling (RDS) basis. A total of 1,540 households with one or more eligible voters were sampled. Answers were obtained from 1,044 persons (68 PERCENT).

(2) Poll on general election, MSDF Indian Ocean refueling, extra budget

Questions & Answers
(Figures shown in percentage, rounded off.)

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Q: Do you consider much about economic measures when voting for a political party or a candidate in the next general election for the House of Representatives?

Yes 90
No 5

Q: Do you consider much about the new healthcare insurance system for the elderly when voting for a political party or a candidate?

Yes 76
No 20

Q: Do you consider much about the issue of the government's pension record-keeping flaws when voting for a political party or a candidate?

Yes 75
No 21

Q: The Self-Defense Forces is currently tasked with such backup activities as refueling U.S. and other foreign naval vessels operating in the Indian Ocean to fight terrorism. The Diet is now deliberating on a bill to continue the SDF activities there. Do you think the SDF should continue its activities in the Indian Ocean?

Yes 42
No 42

Q: The Diet is now deliberating on a supplementary budget. In addition to this, there is an opinion insisting that the government should compile a large-scale extra budget by issuing deficit-covering bonds. Do you support the idea of issuing deficit-covering bonds to boost the nation's economy?

Yes 24
No 56

Polling methodology: The survey was conducted Oct. 11-12 over the telephone on a computer-aided random digit dialing (RDD) basis. Respondents were chosen from among the nation's voting population on a three-stage random-sampling basis. Valid answers were obtained from 1,040 persons (60 PERCENT).

(3) Aso, Bush agree in telephone conversation on cooperation on financial crisis summit

MAINICHI ONLINE (Full)
1:41 p.m., October 21, 2008

By Hirohiko Sakaguchi

Prime Minister Taro Aso talked with U.S. President George W. Bush on the phone for about 10 minutes this morning. The telephone talks took place at the request of the United States. The two leaders agreed for the two countries to cooperate for bringing success to the emergency summit of the leaders of the Group of Eight and emerging economies to discuss a response to the financial crisis possibly in early November in the United States.

President Bush strongly asked for Prime Minister Aso's attendance, indicating that he would host the summit as soon as possible after

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the U.S. presidential election. Aso conveyed his intention to attend the summit to Bush, saying: "I welcome President Bush's active

initiative for bringing stability to the world economy and financial markets. Japan promises that it will exhibit the leadership as the chair of the G-8 summit this year."

It has been decided that the United States would play a central role in determining the time, venue, and participating countries.

(4) Financial crisis -- what should be done now? Japan Business Federation Chair Fujio Mitarai calls for boosting domestic demand, staving off political vacuum

NIKKEI (Page 1) (Full)
October 21, 2008

-- The Japanese economy is beginning to falter, triggered by the financial crisis gripping the U.S. and Europe.

"The recovery of the Japanese economy has lasted for over five years, backed by vigorous foreign demand due to the global economic boom. It is no longer possible for Japan to depend on foreign demand due to this financial crisis. We must prevent the economy from slipping by taking measures aimed at expanding domestic demand."

Focus of measures should be on tax cuts

"First of all, I want the government to cut the income tax as a measure to stimulate the economy. It is necessary to return 2 trillion yen altogether to those whose annual income is less than 5 million yen. The government should also consider a tax cut for households with children. The second measure needed is to boost a home acquisition incentive tax system. The housing market can become a driving force for consumption. I want to see the housing loan tax cut extended, after being improved, including raising the upper limit of loans from the current 20 million yen to 30 million yen."

-- What about corporate tax cuts?

"I want to propose an investment tax cut. Investment into facilities related to the manufacturing of energy-saving equipment should be eligible for such a tax cut. I also want special treatment for investments that will lead to technical innovation. For instance, regarding a R&D promotion tax system, if the upper limit of tax exemption is raised from the 20 PERCENT of the amount of the corporate tax to 30 PERCENT and a carry-forward period is extended, companies would be revitalized. Further, as a measure to revitalize the securities market, the preferential tax system applied to stock transfer gains and dividends should be extended. It is feared that small- and medium-size companies in regional areas could face credit crunches. It is, therefore, important to take measures to help such companies manage their funds."

-- When do you think the economy will recover?

"Basically, economic recovery requires the recover of housing demand. I had expected that the demand would recover in the second half of next year. However, you cannot rule out the possibility of the sluggish demand becoming protracted. Many Japanese export-oriented companies will suffer a decline in income and earnings.

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"The sales of products for family use, such as digital cameras, tend to be determined by economic conditions. Though sales in emerging countries are solid, those in industrialized countries are losing steam. We cannot expect much from this Christmas season. At a time of such an economic emergency, I strongly want to ask the government from the perspective of the public not to create a political vacuum until the compilation of the fiscal 2009 budget is completed."

-- What measures does the Japanese economy need?

"Japan expedited structural and regulatory reforms after the collapse of the asset-inflated bubble economy as a joint effort of government and private sector. The Japanese economy has at last become solid due to private companies' corporate restructuring

efforts -- the settlement of three surpluses -- plants and equipment, inventory and personnel. However, although the impact of the financial crisis on the Japanese economy is smaller, compared with other countries, financial institutions' competitiveness is still falling behind. It is essential for companies to nurture a healthy financial market and maintain business structure that can endure strenuous effort to strengthen competitiveness."

-- Where do you think the cause of the financial crisis can be found?

"The U.S. economy has rapidly grown since the 1990s in the information and communications area, centered on the financial and soft-contents industries. The U.S. created products using state-of-the-art financial engineering. To me, who worked in the U.S. in the 1980s, it appeared that the U.S. financial system was revitalized with the creation of an investment-type financing. However, as a result of excessive money supply to the housing market, the financial market, which was based on a precondition that housing prices would follow a steady ascending path, collapsed at one stroke. It is safe to say that there were problems about inspection and rating systems."

Decline in U.S. position

-- In an unprecedented move, an emergency summit will be held, also involving emerging countries.

"The financial system turmoil has abated after the G-7 meeting held in Washington. The emergency summit would become a venue for participating countries to vow to protect the world from a financial failure, using every measure. International cooperation will become necessary in injecting public money into financial institutions and protecting bank deposits, though each country will make a different approach."

-- What will become of the U.S. after the crisis?

"Its relative position is bound to fall. The world will explore a cooperative system involving emerging countries, and the U.S. will also hope that way. In my view, it will review or strengthen regulations, based on a reflection on the financial crisis this time."

(08102103yk) Back to Top

(5) Editorial: Concern over Obama's foreign policy

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NIKKEI (Page 2) (Full)
October 18, 2008

After the third presidential TV debate, Democratic candidate Barack Obama has the upper hand. Amid the financial crisis, all eyes are on economic issues in the ongoing presidential race. The Democratic Platform contains some points that worry Japan. We would like to express our concern to the Obama camp.

The platform notes that the United States is committed to maintaining strong relationships with its allies like Japan, Australia, South Korea, Thailand, and the Philippines and "must also forge a more effective framework in Asia that goes beyond bilateral agreements, occasional summits, and ad hoc diplomatic agreements." This is the same as Secretary of State Condoleezza Rice's idea of turning the Six-Party Talks into a security arrangement.

This contains some problems. The Japan-U.S. alliance might be made relative and eventually be reduced to a mere shell. The idea even looks like a repeat of the 1920s in which the Anglo-Japanese Alliance disappeared under the multilateral Washington System. There is no need to discuss what followed the abrogation of Anglo-Japanese Alliance.

The Japan-U.S. alliance today corresponds to the Anglo-Japanese

Alliance of those days. It is the cornerstone of Japan's diplomacy and functions as the stabilizer in the Asia-Pacific region. The Obama camp members who wrote "a framework that goes beyond bilateral agreements" probably just wanted to make a new proposal attracting much attention in the ongoing race. A platform is not an academic paper, however.

Some might think that a bilateral alliance can be compatible with a multilateral regime. But the Six-Party Talks since February 2007, for example, have clearly rocked the Japan-U.S. alliance.

The United States has given consideration to China, the chair of the Six-Party Talks, and has become reconciliatory to North Korea. If the Japanese public reacts negatively to the delisting of (North Korea) as a state sponsor of terrorism, it would erode the foundation of the Japan-U.S. alliance. If the Six-Party Talks become an institutionalized organization, this trend might continue.

If maintaining and enhancing the Japan-U.S. alliance serves the interest of the two countries, it is not correct to seek the United States alone to make efforts. Has Japan made efforts? For instance, a U.S. bipartisan report (Armitage-Nye Report), produced eight years ago, urged Japan to change its constitutional interpretation of the right to collective self-defense. Japan has yet to change its interpretation.

(6) Editorial - DPJ's change in refueling operations issue is welcomed

NIKKEI (Page 2) (Full)
October 19, 2008

Substantive deliberations began at the Lower House on the proposed legislation to extend the refueling operations by the Japan Maritime Self-Defense Force in the Indian Ocean. In an attempt to achieve an early dissolution of the Diet, the Democratic Party of Japan (DPJ)

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reversed its traditional policy of intensive resistance and the proposed legislation reportedly will be enacted by the current Diet session. In spite of controversy that exists, the DPJ's "change" does not need to be criticized as long as it allows the refueling operations to be continued.

The divided Diet with the opposition party members making up a majority at the Upper House virtually brought down two administrations, Abe's and Fukuda's, which had called for extending the refueling operations. This was attributed to the DPJ remaining stubbornly opposed to the extension and exhaustively resisting it. As a result, refueling operations were forced to be halted for almost four months starting last November.

The DPJ lowered its flag this time reportedly as a result of a political trade-off in return for an early dissolution. This may have caused DPJ supporters to feel betrayed, and such could affect the result of the general election for the Lower House. The decision was probably made based on a calculation of such a risk. However, the DPJ is consistent in that the decision is a tactic aimed at bringing about dissolution of the Lower House.

If the DPJ continued with its total resistance and the refueling operations were expected to stop, Prime Minister Taro Aso would have dissolved the Lower House, using the (cancelled refueling operations) as a campaign issue and questioning the DPJ's competency to hold the reins of government. Considering that to be disadvantageous, the DPJ probably decided to avoid such a situation.

DPJ President Ichiro Ozawa's unique argument is difficult to understand because he acknowledges the importance of the war on terror in Afghanistan but opposes the refueling operations in the Indian Ocean, while approving the deployment of the Ground Self-Defense Force (to mainland Afghanistan). If the theory is directly applied, the DPJ, as well, could hardly ever reach an agreement. The decision to avoid the refueling operations becoming a bone of contention was made by a pragmatic judgment in a political

context with an eye on the general election around the corner.

We hope to see the DPJ morph into a political party that is capable of making practical judgments from a political standpoint. However, this does not mean that this issue can be set aside in the next general election for the Lower House.

(7) Editorial: Japan should assume international role in combating piracy by using MSDF vessels

SANKEI (Page 2) (Full)
October 18, 2008

Prime Minister Taro Aso expressed a positive view about the possibility of sending Maritime Self-Defense Force (MSDF) ships to pirate-infested waters off Somalia, Africa, as an anti-piracy measure.

In the waters, more than 20 ships, including tankers, from Japan and other countries have suffered damage from attacks by pirates since early this year. For Japan, which depends on the Middle East region for 90 PERCENT of its crude oil demand, sea lane defense is especially vital. The international community has actively taken steps to combat piracy. It would be significant if Japan

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participates in joint international efforts.

It is a matter of course for countries to guard their tankers and ships. But such a duty has not been assigned to the MSDF. It is an unfortunate reality that Japan has to rely on other countries even for guarding its vessels.

To make it possible for Japan to independently eliminate acts of piracy, the government must promptly close the loopholes in relevant laws. We frankly welcome the prime minister's expression of eagerness to address the piracy problem.

In a meeting of the House of Representatives' Antiterrorism Special Committee to deliberate on a bill amending the New Antiterrorism Special Measures Law to continue the MSDF's refueling mission in the Indian Ocean, Democratic Party of Japan (DPJ) member Akihisa Nagashima said: "Guarding (commercial freighters and other vessels) by MSDF vessels will be considerably effective as an anti-piracy measure." In response, Aso said: "That is a very good proposal. We will positively look into the possibility."

DPJ member Keiichiro Asao also stressed that the defense minister in the shadow cabinet should consider new legislation that includes a provision to allow MSDF vessels to guard other countries' ships. It is regrettable to see the DPJ opposing the government's plan to continue the refueling mission, but it is significant that the party brought up the issue of what role Japan should play in combating piracy.

Aso said: "We will study the possibility, including what legal problems stand in the way of the proposed MSDF vessels' anti-piracy mission." Even while recognizing the necessity of permanent legislation for Japan's international peace cooperation, the ruling and opposition camps have yet to map out specific measures.

We expect the Liberal Democratic Party and the DPJ to be specific about how Japan should be involved in the international anti-piracy efforts and to reach an agreement on permanent legislation.

The refueling bill is likely to clear the Diet by the end of this month with the ruling coalition's override vote in the Lower House.

The international community has actively worked to combat piracy, as seen from the European Union's (EU) decision in a meeting of defense ministers on Oct. 1 on a plan for vessels from 10 countries, including France, Britain, and Germany to patrol on the high seas off the coast of Somalia.

The UN Security Council has also adopted a resolution urging states to deploy naval vessels to actively join the fight against piracy.

Japan, as a cosponsor, should assume a role in maintaining peace and stability in the world.

(8) Interview with DPJ Deputy Secretary General Akihisa Nagashima on North Korea; Removal of North Korea from terror blacklist hurt U.S.

YOMIURI (Page 4) (Full)
October 21, 2008

I can't appreciate the U.S. government's decision to remove North Korea from the list of state sponsors of terrorism. It ultimately gave a reward to North Korea, which had "blackmailed" (the U.S.) by

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halting the disabling of its nuclear facilities in Yongbyon and damaged the credibility of U.S. diplomacy. The U.S., facing a financial crisis and bogged down in Iraq and Afghanistan, made the decision (to de-list) apparently in order not to be saddled with more problems. My impression is that a shadow has been cast on the structure of unipolar domination by the U.S.

Although there is a view that the removal is merely symbolic, North Korea apparently intends to use it as the first step to call for loans from other countries and international agencies. President Bush criticized Clinton's conciliatory approaches to North Korea at the time of the change in administration, but now in the last days of his own presidency, he is doing the same thing. This has revealed the difficulty of comprehensively resolving the issues of nuclear weapons, abduction, and missiles.

Japan is the only country among the participants of the six-party talks with leverage that can move North Korea. Japan should demonstrate by its action, such as independently designating North Korea as a state sponsoring terrorism, that this issue cannot be so easily solved, and then make its appeal to the international community.

Japanese diplomacy is now in a very difficult phase, being treated lightly for its opposition to the removal. Some in the government and ruling camp believed that the U.S. would help Japan on the abduction issue because of Japan's refueling activities in the Indian Ocean, but North Korea was removed from the terrorism blacklist just when it became highly likely that the refueling mission would be continued. The U.S.-Japan relationship is not in such a poor give-and-take status. Japan must demonstrate how much value it has as a U.S. ally. The time has come to rebuild the U.S.-Japan relationship in a comprehensive way.

Interviewed by Shoji Minami

(9) DPJ has changed

SANKEI (Page 5) (Full)
October 21, 2008

It had been the practice for the opposition parties to boycott Diet deliberations in an attempt to drive the government and ruling parties into a corner. However, the main opposition Democratic Party of Japan (DPJ) is now desperately trying to move ahead with deliberations.

The DPJ approved the 2008 supplementary budget and bills-related to the extra budget. It reportedly will tolerate the continuation of the Maritime Self-Defense Force's refueling mission in the Indian Ocean, as well as the nomination of a deputy governor of the Bank of Japan.

The largest opposition party appears to have changed itself into a party which approves everything, although it used to be called as a party similar to the former Japan Socialist Party, which opposed everything.

Regarding a bill amending the new Antiterrorism Special Measures Law that would allow the MSDF to continue its refueling mission in the Indian Ocean, the DPJ initially accepted the procedure of swiftly passing the bill by a two-thirds lower chamber overriding vote. The

DPJ, however, still opposes the legislation.

Last year, the DPJ took a strategy of putting the bill on the backburner in the opposition-controlled House of Councillors. Consequently, the term of the MSDF's mission expired and supply ships had to return home. Since 60 days are required to take a second vote in the Lower House, an extraordinary session was extended, going straight through the New Year.

Although the DPJ opposed the refueling mission as unconstitutional, it will actually go along with it. How we should view this change in the DPJ, which has recognized that the refueling operation is an important issue.

The DPJ aims to take over the reins of government in the next Lower House election. I wonder whether the DPJ will have supply ships return home if it sits in the seat of power. It means that a precondition for political change is to maintain the consistency in basic foreign and security policy.

If Japan sends and then withdraws supply ships, it will be definitely exposed to the ridicule of the international community. Although there is a view supporting the refueling mission in the LDP, the view is contained by one word from President Ichiro Ozawa.

The fact that the LDP entrusted Ozawa with a decision on whether to approve the government-drafted budget remains questionable. It makes sense to make a decision at the top decision-making organ after going over debate in the party. With the first full-fledged election to choose an administration drawing closer, I am concerned about whether the DPJ is democratically managed.

(10) TOP HEADLINES

Asahi:

Financial crisis overshadows China as "world's factory"

Mainichi & Tokyo Shimbun:

Ruling camp eyes 2 trillion yen worth of fixed-amount tax cuts

Yomiuri:

Government downgrades monthly assessment as economy weakens further

Nikkei:

JFE to build blast furnace in Southeast Asia by 2012 by investing 500 billion yen

Sankei:

South Korea Acquiring real properties one after another in Tsushima City

Akahata:

Diet panel passes refueling bill based on agreement between coalition camp, DPJ after only two days of deliberations

(11) EDITORIALS

Asahi:

(1) More substantial debate needed for refueling bill

(2) Crooked accounting: Public distrust growing in local governments

Mainichi:

(1) Refueling bill: Perfunctory discussions disappoint us

(2) Dishonest accounting of state subsidies: Governors urged to reflect seriously and carry out thorough investigations

Yomiuri:

(1) Financial summit should send clear-cut message to overcome crisis

(2) Monthly economic report: Economy has already weakened

Nikkei:

- (1) World leaders must present roadmap to contain financial crisis at summit
- (2) China should give priority to boosting domestic demand

Sankei:

- (1) Open up new road for global financial system at emergency summit
- (2) Local governments' crooked book-keeping: Problem also lies in budget-allocation method

Tokyo Shimbun:

- (1) Local governments' accounting irregularity tantamount to theft of public money
- (2) Chinese economy begins to slow down, changing structure of development

Akahata:

- (1) Additional economic measures: Support not major companies but people's livelihoods

(12) Prime Minister's schedule, October 20

NIKKEI (Page 2) (Full)
October 21, 2008

07:31

Had a walk around his private residence in Kamiyama.

09:57

Paid respects at the grave of former Prime Minister Shigeru Yoshida, his grandfather, at Minami-aoyama.

10:19

Arrived at the official residence.

11:27

Attended with his wife Chikako the ceremony to celebrate the Empress' birthday at the Imperial Palace.

14:54

Met Foreign Ministry Latin American and Caribbean Affairs Bureau Director-General Sato at the Kantei.

15: 05

Met LDP Youths Bureau head Inoue, followed by Ocean Policy Research Foundation Chairman Akiyama.

16:01

Met representatives of six local organizations, including Chairman Aso of the National Governors Association.

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17:00

Attended an LDP executive meeting. Met Secretary General Hosoda, Upper House Caucus Chairman Otsuji, and Upper House Diet Affairs Committee Chairman Suzuki. Otsuji stayed on.

17:46

Attended a monthly economic ministers' meeting.

18:52

Attended a global warming meeting.

20:06

Met Taro-kai members, including Internal Affairs and Communications Minister Hatoyama, at a Hotel Okura banquet hall.

21:18

Met a secretary at a Hotel Okura bar, joined in by Hatoyama, Deputy Chief Cabinet Secretary Konoike, Justice Minister Mori and others.

23:03

Returned to his private residence.

SCHIEFFER